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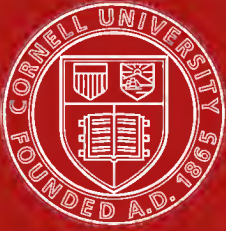
1908



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STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION  
SECOND DISTRICT

ALBANY, November 4, 1908.

To.....

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The following order has been adopted by this Commission, and is hereby served on you. Please acknowledge receipt at once.

Yours very truly,

  
Secretary.

STATE OF NEW YORK,  
Office of the Public Service Commission } ss.:  
SECOND DISTRICT

I have compared the following copy with the original on file in this office, and I do HEREBY CERTIFY the same to be a correct transcript therefrom and of the whole thereof.

Witness my hand and the Seal of Office of the Public Service Commission, Second District, at the City of Albany, this fourth day of November, one thousand nine hundred and eight.

.....  
Secretary.

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1908

STATE OF NEW YORK,  
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.  
At a session of the Public Service Commission, Second  
District, held at the Capitol, Albany, on the 22d  
day of September, 1908.

*Present:*

FRANK W. STEVENS, Chairman,  
THOMAS M. OSBOENE,  
MARTIN S. DECKER,  
JAMES E. SAGUE,  
JOHN B. OLMSTED,  
Commissioners.

*Ordered:* That, except as hereinafter provided:

1. On and after January 1, 1909, every electric railroad corporation and every street railroad corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. By an electric railroad corporation as herein used is meant a railroad corporation (as defined in the Public Service Commissions Law) having title of any character to a railroad (as defined in the said Law) upon which electric energy is used as the principal power for the propulsion of cars. The term street railroad corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electric railroad corporation, and on any such street railroad corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after July 1, 1909, every said electric railroad corporation and every said street railroad corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning July 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun July 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun July 1, 1908, and definitions of such accounts. Where any such account kept during the year begun July 1, 1908, is kept strictly in conformity with the "Standard System

of Street Railway Accounting," as recommended by the Board of Railroad Commissioners under date of April 10, 1900, a statement of that fact in connection with the name of such account will serve as a sufficient definition of the said account.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. On and after July 1, 1909, each said corporation engaged in the operation of any railroad whereon electric energy is used as the principal power for the propulsion of cars, or engaged in the operation of any street railroad, shall keep on its books the statistical accounts prescribed or defined in the hereto annexed schedule marked "Schedule C".

7. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.



## SCHEDULE A.

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### BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Street Railroads defined.**—The term “street railroads,” as hereinafter used, includes all street railroads (as defined in the Public Service Commissions Law) by whatever kind of motive power operated, and all railroads (as defined in the Public Service Commissions Law) operated by means of electric power.

NOTE.—Section 2 of the Public Service Commissions Law provides as follows: “The term ‘street railroad,’ when used in this act, includes every railroad by whatsoever power operated, or any extension or extensions, branch or branches thereof, for public use in the conveyance of persons or property for compensation, being mainly upon, along, above or below any street, avenue, road, highway, bridge or public place in any city, village or town, and including all switches, spurs, tracks, right of trackage, subways, tunnels, stations, terminals and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such street railroad; but the said term ‘street railroad,’ when used in this act, shall not include a railroad constituting or used as part of a trunk line railroad system.”

“The term ‘railroad,’ when used in this act, includes every railroad, other than a street railroad, by whatsoever power operated for public use in the conveyance of persons or property for compensation, with all bridges, ferries, tunnels, switches, spurs, tracks, stations and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such railroad.”

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

### CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen<sup>1</sup>) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is di-

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<sup>1</sup> Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

visible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.<sup>1</sup>

9. **Further classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals* and *replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—Original capital is that put into service at the outset of an enterprise.

11. **Additions defined.**—Additions include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—Betterments include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—Renewals include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—Replacements include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some *part* of any structure, facility, or unit

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<sup>1</sup> Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

of equipment, and the *extent of such replacement does not amount to a substantial change of identity* in such structure, facility, or unit of equipment. the replacement of such part is to be considered a *repair*, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Cost of labor, material, and supplies.**—Cost of *labor* includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of *materials and supplies* consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. **Betterments involving partial destruction of thing bettered.**—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

*E. g.*, a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. **Road and equipment and other capital purchased.**—When any road or other fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the road (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the road or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Street Railroad Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for expenditures for road and equipment and other fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each road or other such fixed capital

purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such road or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such road, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

**24. Definitions of Fixed Capital accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

**S100. FIXED CAPITAL, DECEMBER 31, 1908.**

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to street railroad operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to June 30, 1909, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on June 30, 1909), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

**NOTE.**—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

**S111. RIGHT OF WAY.**

Charge to this account the cost of all landed capital acquired for roadway; expenses of appraisals, or of juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats, abstracts, notarial fees, recording deeds, etc.; cost of obtaining consents, and payment for abutting damages.

**NOTE A.**—Cost of buildings and other improvements must not be included in this account.

**NOTE B.**—The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, should, upon completion

of the road, be credited to this account and charged to an appropriate property account. Where such property is sold upon or prior to the completion of the road, the proceeds of sale thereof should be credited to this account.

#### S112. OTHER STREET RAILROAD LAND.

Charge to this account the cost of all landed capital acquired for use directly in connection with the operation of the road, but in excess of and in addition to that actually required for roadway, including all expenses incurred in connection with such acquisition as enumerated in account No. S111, "Right of Way".

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to street railroad operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Other Street Railroad Land". If such improvements are not devoted to street railroad operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Other Street Railroad Land". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to street railroad operations into the following:

- Land Occupied by Generating Stations.
- Land Occupied by Outside Sub-stations.
- Water Rights.
- Other Land Devoted to Street Railroad Operations.

#### 101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

#### S102. FRANCHISES (STREET RAILROAD).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof

as the consideration for the grant of such franchise or right" (section 55 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's street railroad operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Street Railroad Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some political subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

#### S103. PATENT-RIGHTS (STREET RAILROAD).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's street railroad operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

#### S104. OTHER INTANGIBLE STREET RAILROAD CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to street railroad operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

##### 181. GRADING.

Charge to this account the cost of grading roadbed, whether excavations or embankments; reconstructing pikes or roads; ditching roadbed; and ditches for waterways. This account shall include the cost of riprap, retaining walls and other masonry for the protection of embankments, cuts, and slopes.

##### 182. BALLAST.

Charge to this account the cost of ballast, whether of broken stone, slag, gravel, or other material specially provided for this purpose; also the cost of loading, hauling, and unloading alongside of track, and of transportation.

##### 183. TIES.

Charge to this account the cost of cross, switch, bridge, and other ties and

railroad crossing timbers laid in main and repair tracks, sidings, and spurs; in tunnels, station, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, handling (except final distribution), and any process of preservation.

#### 184a. RAILS, RAIL FASTENINGS, AND JOINTS.

Charge to this account the cost of rails, rail fastenings, and joints in main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

#### 184b. SPECIAL WORK.

Charge to this account the cost of special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

#### 185. UNDERGROUND CONSTRUCTION.

This account is to be used only for railroads operated by an underground electric contact system, and for those operated by cable traction.

Charge to this account the cost of underground construction, including yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

NOTE.—The cost of track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

#### 186. TRACK LAYING AND SURFACING.

Charge to this account the cost of distributing, laying, spacing, and aligning ties; cost of laying, spiking, and jointing rails; surfacing and aligning track; and labor of placing frogs, switches, and special work; cost of track tools; cost of spreading ballast and putting it under track; expenses of distributing track material, and cost of transportation of men, tools, appliances, and outfits used on this work.

#### 187. PAVING.

Charge to this account the cost of labor and material for paving about tracks and special work and crosswalks incident to track construction.

#### 188. ROADWAY TOOLS.

Charge to this account the cost of the first outfit of tools furnished section, bridge, carpenter, and other gangs properly to equip them to protect, maintain, and repair the property when it is opened for the handling of commercial traffic.

#### 189. TUNNELS.

Charge to this account the cost of tunneling, including such timber as may be used; cost of material used and labor expended in the construction of tunnels and transportation subways.

NOTE.—This account does not include cost of the track through such tunnel or subway or cost of surfacing such track.



**190. ELEVATED STRUCTURES AND FOUNDATIONS.**

Charge to this account the cost of all material used and labor expended in the construction of elevated structures and foundations.

NOTE.—This account is to be used only by elevated railroad companies.

**191. BRIDGES, TRESTLES, AND CULVERTS.**

Charge to this account the cost of material used and labor (including engineering and superintendence) expended in the construction of bridges and trestles erected to carry tracks over streams, ravines, streets, or other railroads, and culverts, both substructure and superstructure, including transportation. This account shall include the cost of abutments, piers, supports, draw and pier protection; machinery to operate drawbridges; guard-rails, masonry ends and wing-walls for culverts; cost of inspection of bridge material; cost of tests; cost of wing-dams, cribs, or ice-breakers for regulating the current of a stream or breaking up ice jams; also labor and material used in painting the structure.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or culvert. The cost of structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged to account No. 192, "Crossings, Fences, and Signs".

**192. CROSSINGS, FENCES, AND SIGNS.**

Charge to this account the cost of material used and labor expended in constructing street, road, and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings where such repairs and sewers permanently benefit the property; right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges; mile, section, warning, and other roadway signs.

**193. INTERLOCKING AND OTHER SIGNAL APPARATUS.**

Charge to this account the cost of material used and labor expended in constructing interlocking and other signal apparatus complete, including apparatus for block signals of all classes.

**194. TELEPHONE AND TELEGRAPH LINES.**

Charge to this account the cost of material used and labor expended in constructing telephone and telegraph lines, including conduits, poles, cables, and wires specially devoted to telephone and telegraph purposes; telephone and telegraph instruments; labor employed in the construction work; cost of all tools used; and cost of transportation.

**S161. POLES AND FIXTURES.**

Charge to this account the cost of poles, cross-arms, and insulating pins; brackets and other pole fixtures; braces and other supports for holding the poles in position; also structures for supporting the overhead electric construction, and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution conductors.

**S162. UNDERGROUND CONDUITS.**

Charge to this account all material used and labor expended in building conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all material necessary for the completion

of the underground conduit system devoted to the protection of the transmission and distribution conductors.

#### S163. TRANSMISSION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

#### S164. DISTRIBUTION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the distribution system, including insulators and connections; track bonding, including track bonds, cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplemental, and other wires, and all catenary construction used in connection with the overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used in covering and protecting the same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails and appliances used in the underground contact system, including contact rails, braces, supports, and insulating devices.

NOTE.—For the definition of the distribution system, see the note to the preceding account No. S163, "Transmission System".

#### S131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

#### S132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

#### S151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including

excavations, foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

#### S120. GENERAL OFFICE BUILDINGS AND EQUIPMENT.

Charge to this account the cost of material used and labor expended in erecting buildings devoted to general office purposes, the cost of all fixtures permanently attached thereto, and the cost of furniture and other equipment for such buildings; also the cost of architects' plans, and of superintendence of construction.

NOTE.—If the land occupied by general office buildings is not a part of right of way and station grounds, its cost should be charged to account No. S112, "Other Street Railroad Land".

#### 195. SHOPS AND CAR HOUSES.

Charge to this account the cost of material used and labor expended in erecting all buildings to be used as shops, car sheds, car houses, oil houses, sand houses, and storehouses; plants for furnishing power for heating and lighting the buildings; preparing grounds before and clearing up same after construction; foundations; painting; sewerage systems; connections with water supply system; architects' fees for drawing plans and supervision of construction; and transportation and incidental expenditures.

#### 196. STATIONS, WAITING ROOMS, AND MISCELLANEOUS BUILDINGS.

Charge to this account the cost of material used and labor expended on stations, waiting rooms, stables, and other miscellaneous buildings, including cost of transportation, station signs, platforms, sidewalks, excavations, foundations, drainage, water, gas and sewer pipes and connections, steam-heating apparatus, stoves, electric light and power fixtures, including wiring for same; grading and putting grounds in order after buildings have been finished; electric bells, elevators, and all other material, furniture, or fixtures used to complete the buildings; wells for water supply of stations; salaries and expenses of architects; also cost of fences, hedges, turnstiles, etc., around station grounds.

NOTE.—This account does not include buildings for park and resort purposes, for which see account No. 198, "Park and Resort Properties"; nor does it include any portion of the cost of a power plant building in which a room is used for station or waiting room purposes.

#### 197. DOCKS AND WHARVES.

Charge to this account the cost of material used and labor expended in constructing docks, wharves, ferry or other landings, and inclines to transfer steamers, including dredging.

NOTE.—The cost of ground on which docks or wharves are built and of riparian or water-front rights in connection therewith is to be charged to account No. S112, "Other Street Railroad Land".

#### 198. PARK AND RESORT PROPERTIES.

Charge to this account the cost of all property (except land) of the corporation in amusement parks and resorts operated for the purpose of inducing travel. When the contract under which such property is acquired covers both land and improvements and does not determine the cost of the unimproved land as distinct from the improvements, the improvements shall be appraised at their fair cash value, and such value shall be charged to this account; the

remainder of the cost shall be charged to account No. S112, "Other Street Railroad Land".

#### S141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producer, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

#### S141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

#### S142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels and other hydraulic engines devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the foundations and settings of such engines, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the hydraulic engine, the shaft shall be considered a part of the hydraulic engine and the electric rotor thereon shall be considered a part of the electric equipment.

#### S143. GAS POWER EQUIPMENT.

Charge to this account the cost of equipping plants for the generation of gas power, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary gas power apparatus.

#### S144. POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account the cost of equipping power plants with dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their foundations and settings.

NOTE.—This account should not include any sub-station equipment.

#### S145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes

such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

#### S152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

#### 153. CABLE POWER EQUIPMENT.

Charge to this account the cost of machinery and apparatus for the propulsion of cables used in the operation of cable or incline railroads. This account includes the cost of engines, boilers, shafting, etc.; leading wheels and bearings; and cables used in such operation.

#### S122b. SHOP EQUIPMENT.

Charge to this account the cost of machinery and tools used in shops or car houses, and cost of loading, unloading, and placing machinery in position, including the cost of foundations and settings. This account includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges, and other machinery and tools necessary for the equipment of shops.

#### 201. LOCOMOTIVES.

Charge to this account the cost of locomotives, including all appurtenances, electric equipment, furniture, and fixtures necessary to equip them for service.

#### 202. REVENUE CARS.

Charge to this account all expenditures for passenger, baggage, express, freight, mail, and other cars, from the operation of which revenue is derived.

The term "cars" includes car body and trucks, and all fixtures or appliances inside of or attached to the car body or truck, except the electric equipment of the car.

#### 203. ELECTRIC EQUIPMENT OF CARS.

Charge to this account all expenditures for electric equipment and wiring of all cars, whether revenue or work cars, including labor, material, tools, freight, hauling of material, and all other expenses incident to the work.

#### 204. OTHER RAIL EQUIPMENT.

Charge to this account all expenditures for water cars, sprinkling cars, sand cars, salt cars, supply cars, and other work cars; snow-plows, sweepers, scrapers, and miscellaneous snow equipment.

#### 205. MISCELLANEOUS EQUIPMENT.

Charge to this account all expenditures for horses, harness, wagons, automobiles, and other vehicles, and equipment not elsewhere provided for.

#### S281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, drafts-

men, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

#### S282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of a road, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. S111, "Right of Way," or account No. S112, "Other Street Railroad Land," according to the character of the land acquired. Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

#### S283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of road and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

#### S284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the road is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

#### S285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a road under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the furniture and office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs

or discounts connected with the issue and disposal of stocks, funded debt, or other securities and commercial paper.

#### S286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

#### O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.<sup>1</sup> Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If, at the time of acquisition of such interest in lands, it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title, if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

#### O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

#### O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of

<sup>1</sup> NOTE.—ELECTRIC CAPITAL, GAS CAPITAL, AND RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for gas operations, see the Uniform System of Accounts for Gas Corporations; and for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission.

the corporation's operations other than electric, gas, railroad, and street railroad.

#### O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

#### O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

#### S10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. S286, "*Interest during Construction*," or to account No. S852, "*Undistributed Adjustments — Balance*," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "*Corporate Surplus or Deficit*" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account, and debited or credited to the operating expense account No. S852, "*Undistributed Adjustments — Balance*," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "*Corporate Surplus or Deficit*". Where such materials and supplies have been used in construction, a suitable proportion of such shortages and overages may be debited or credited to account No. S285, "*Miscellaneous Construction Expenditures*".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.



**1. CASH.**

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

**2. BILLS RECEIVABLE.**

Charge to this account the cost of all negotiable paper (except as below provided) which is the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

**3. ACCOUNTS RECEIVABLE.**

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

**4. INTEREST AND DIVIDENDS RECEIVABLE.**

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

**5. OTHER CURRENT ASSETS.**

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

**27. Investments defined.**— By *investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

**300. INVESTMENTS.**

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.— In the annual reports to be made to the Public Service Commission by

the corporations and other persons engaged in street railroad operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. *Special Deposits defined.*—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal agents of the corporation and others for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

### 311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specialy* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

### 312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specialy* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

### 313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. *Prepayments.*—When payments for taxes, insurance, rents and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rent, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus: if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to

base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account, "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

#### 321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

#### 322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

#### 323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

#### 324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. **Suspense.**—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

**NOTE.**—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

## 331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidence of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidence of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to the account "Amortization of Debt Discount and Expense" in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

## 332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

**31. Securities Actually Issued and Later Re-acquired.**—For the case of securities *actually issued* by the corporation and later re-acquired by it, the following account is provided:

## 340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation, have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

**32. Debt defined.**—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

**33. Funded Debt defined.**—Funded Debt comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

**34. Unfunded Debt defined.**—Unfunded Debt comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

**35. Funded Debt accounts.**—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as *e. g.*, "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

**36. Unfunded Debt accounts.**—The accounts for Unfunded Debt are defined as follows:

#### 351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

#### 352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in pos-

session of the property of the corporation, and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

### 353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

### 354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

### 355. DIVIDENDS DECLARED.

When any dividend is declared, it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

### 356. BILLS PAYABLE.

When any negotiable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

### 357. ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts.

### 358. OTHER UNFUNDED DEBT.

Credit to this account, at face value, all unfunded debt upon which the corporation is liable, and which is not elsewhere provided for.

37. **Reserves.**—Reserves shall be classified as *Permanent* and *Temporary*.

38. **Permanent Reserves defined.**—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. *Permauent*

reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

### 371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks." A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

*Premiums on Debenture Stocks,*

*Premiums on First Preferred Stocks,*

*Premiums on Second Preferred Stocks, etc., and*

*Premiums on Common Stocks.*

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

### 372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

**39. Temporary Reserves defined.**—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

**40. Contractual Reserves defined.**—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as *e. g.*, reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

**41. Non-contractual Reserves defined.**—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual Reserves are divided into *Required* and *Optional*.

**42. Required Reserve accounts.**—Required reserves are provided for in the following accounts:

### 374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of way and structures, depreciation of equipment, and other amortization of capital.

When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. S100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit."

#### 375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt," in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus."

#### 376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

**43. Optional Reserve accounts.**— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

#### 381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve." Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.



## 382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

**44. Stocks defined.**—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

**45. Stocks classified.**—Stocks are classified as  
*Debenture Stocks,*  
*First Preferred Stocks,*  
*Second Preferred Stocks, etc.,* and  
*Common Stocks.*

**46. Debenture Stocks defined.**—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

**47. First Preferred Stocks defined.**—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

**48. Second Preferred Stocks defined.**—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

**49. Common Stocks defined.**—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

**50. Voting Powers.**—Stocks differ also in regard to the voting powers incident to ownership of them.

**51. Retirement of Stocks.**—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

**52. Separate account required for each class of stocks.**—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other con-

sideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

## SCHEDULE B.

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### INCOME ACCOUNT.

1. **Income and Inducant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Inducant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations, it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis, and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the "*Revenue*" accounts, the "*Revenue Deduction*" accounts, the "*Income Deduction*" accounts, and the "*Appropriation*" accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Street Railroad Operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

## I. REVENUE FROM TRANSPORTATION.

### 451. PASSENGER REVENUE.

This account includes amounts earned by the accounting corporation in the transportation of passengers in regular cars.

Credit to this account the carrier's proportion of receipts from the sale of tickets and the collection of cash fares; also overcollections made in excess of determined rates, such overcollections to be held subject to claim. Charge to this account amounts paid for fares refunded; amounts paid for tickets redeemed, and amounts paid for transferring passengers and baggage between stations or depots, except in cases where the transfer of both passengers and baggage is provided in the division of the through rate.<sup>1</sup>

NOTE A.—Cash fare penalty collections made by conductors and the proportion of amounts collected on sale of mileage tickets and mileage credentials subject to refund must not be credited to "Passenger Revenue".

NOTE B.—"Passenger Revenue" should be credited with mileage tickets only as the mileage therefrom is honored for transportation. Receipts from mileage books when sold should be credited to an open account, which account should be charged and "Passenger Revenue" credited as the mileage is honored. A similar practice

<sup>1</sup> Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

should be followed in connection with the sale of strip, coupon, and other tickets not restricted to continuous trips.

#### 452. BAGGAGE REVENUE.

Credit to this account amounts earned by the carrier in the transportation of baggage in excess of free authorized allowances; also packages, articles, dogs, etc., transported as baggage. Charge to this account all baggage refunds.

#### 453a. CHARTERED CAR REVENUE.

Credit to this account revenue from cars chartered for special passenger service.

#### 453b. PARLOR AND CHAIR CAR REVENUE.

Credit to this account amounts earned by the carrier in fares collected from passengers for seats in parlor, observation, chair, and other specially equipped passenger cars operated by street railroad companies. Charge to this account authorized refunds and tickets redeemed.

#### 454. MAIL REVENUE.

Credit to this account amounts earned by the carrier in the transportation of mail and revenue from railroad postoffice cars, special facilities, and bonuses for special mail transportation. Charge to this account fines and penalties imposed by the Government when not collected from agents or employees.

#### 455. EXPRESS REVENUE.

Credit to this account amounts earned by the carrier in transportation and for facilities on cars and at stations incident to the transportation of express matter, not including the separate rents of offices at stations. (See account No. 465c, "Rent of Buildings and Other Property".)

When a street railroad company transacts an express business through its regular railroad organization, the earnings therefrom should be credited to this account.

The term "express" is intended to cover matter handled at a higher rate than freight on account of quicker service or of collection and delivery.

#### 456. MILK REVENUE.

Credit to this account amounts earned by the carrier in the transportation of milk and cream. Charge to this account refunds and overcharges on milk and cream so carried.

#### 457. FREIGHT REVENUE.

This account includes amounts earned by the carrier in the transportation of freight.

Credit to this account the carrier's proportion of receipts for freight transportation; also overcollections made in excess of proper rates, such overcollections to be held subject to claim. Charge to this account overcharges paid resulting from the use of erroneous rates, weights, or classification; amounts paid for switching absorbed; authorized allowances; uncollected earnings on freight destroyed in transit and on short and lost freight; also uncollectible undercharges determined after delivery has been made.

#### 458. SWITCHING REVENUE.

Credit to this account amounts earned by the carrier in switching service. Charge to it all overcharges on such switching.

#### 459. MISCELLANEOUS TRANSPORTATION REVENUE.

Credit to this account amounts earned by the carrier in transportation not otherwise provided for.

## II. OTHER STREET RAILROAD OPERATING REVENUES.

## 461. ADVERTISING AND OTHER PRIVILEGES.

Credit to this account the carrier's revenues from weighing, vending, and other automatic machines located at stations; from advertising at stations and on cars; from news companies or others for the privilege of operating news and other stands at stations, and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations; and from other similar sources.

## 462a. PARCEL ROOM RECEIPTS.

Credit to this account the carrier's revenues from the operation of parcel rooms, the expenses of which are included in operating expenses.

## 462b. STORAGE.

Credit to this account the carrier's revenues from storage of freight and baggage. Charge to it authorized refunds.

## 463. CAR SERVICE.

Credit to this account amounts accruing as penalties for delay in loading or unloading cars (demurrage). Charge to it authorized refunds.

## 464. TELEPHONE AND TELEGRAPH SERVICE.

Credit to this account the carrier's revenues from commercial telephone and telegraph business transacted by it when the expense of transacting such business can not be separated from the expense of conducting the railroad service; also amounts received from telephone and telegraph companies, whether proportion of earnings or otherwise, for the privilege of transacting a commercial telephone or telegraph business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

NOTE.—When a telephone company or a telegraph company rents the line of the carrier and pays all expenses incident to its maintenance and operation, the rent received should be credited to Non-operating Revenues.

## 465a. RENT OF TRACKS AND TERMINALS.

Credit to this account all compensation received for the use of bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased lines not operated by the lessor should be included in Non-operating Revenues.

## 465b. RENT OF EQUIPMENT.

Credit to this account all compensation received for the use of cars, loco-

motives, the electric equipment of cars, and other equipment only temporarily out of the possession of the accounting corporation but usually in its possession and held by it primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such equipment maintained or operated or held by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such equipment, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased equipment held exclusively by another company or corporation under some form of lease should be included in Non-operating Revenues.

#### 465c. RENT OF BUILDINGS AND OTHER PROPERTY.

Credit to this account the carrier's revenues from rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations and is maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such property in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from rent of real estate purchased or conducted as an outside investment, and out of the possession of the accounting corporation, should be included in Non-operating Revenues.

#### 466a. SALE OF POWER.

Except as provided in the following sentence, credit to this account all receipts from the sale of power, whether for lighting, heating, or motive purposes. If the company conducts a general lighting and power business, as well as a street railroad business, the receipts from such lighting and power business should not be credited to this account, but to a separate account.

NOTE.—The expenses of conducting such lighting and power business should be excluded from the expenses of the street railroad operations through the means of the several accounts entitled "Other Operations — Cr."

#### 466b. JOINT ELECTRIC POWER REVENUE.

When a carrier engages in the production of power for the benefit of another company or companies under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, if such arrangement provides for the receipt by the car-

rier of any profit or return upon its property, such profit or return shall be credited to this account. Such profit or return must be over and above any provision for wear and tear and depreciation in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

#### 467. PARK AND RESORT REVENUE.

Credit to this account the carrier's receipts from the sale of privileges, admission tickets, etc., in connection with amusement parks, park properties, and resorts operated primarily for the purpose of inducing travel.

NOTE.—When such properties are operated primarily for other purposes, the revenues therefrom must be credited to Revenues from Outside Operations.

#### 468. MISCELLANEOUS.

Credit to this account all revenue from street railroad operations (other than transportation) not includible in the preceding revenue accounts.

13. **Revenues from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

*Cost* means cash or money cost, and not price based on a term of credit.

*Labor* means human services of whatever character.

*Cost of labor* includes not only wages, salaries, and fees paid to persons for their services, but also such personal expenses incurred by them in connection with the rendition of their services as are reimbursed by the employer.

*Cost of materials and supplies* includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and, in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account, as hereinafter provided.

*Cost of repairs*, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

16. **Definitions of Street Railroad Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:



## GENERAL ACCOUNTS.

- I.—Maintenance of Way and Structures.
- II.—Maintenance of Equipment.
- III.—Traffic.
- IV.—Conducting Transportation.
- V.—General and Miscellaneous.

## I. MAINTENANCE OF WAY AND STRUCTURES.

## 701. SUPERINTENDENCE OF WAY AND STRUCTURES.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of Maintenance of Way and Structures, including chief engineer, engineer maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, track foremen, and office and field forces; cost of repairing drafting and engineering instruments, and original cost of such instruments as are not properly capitalized; cost of supplies used by officers and employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Way and Structures," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (in accordance with the service rendered) between the departments over which they have jurisdiction.

## 704. BALLAST.

Charge to this account all expenses incident to the purchase and production of ballast used for maintenance: purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights and privileges; expenses of sinking test holes; stripping, blasting, loading, and other expenses in connection with production of ballast.

NOTE.—The cost of labor of delivering, unloading, and putting ballast into track should be charged to account No. 710, "Roadway and Track Labor".

## 705. TIES.

Charge to this account the cost of ties and timbers used to renew cross, switch, and bridge ties, head-blocks and railroad crossing timbers for main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight, inspection, and any special treatment for preservation.

NOTE.—The cost of labor of unloading, distributing, and putting ties into track should be charged to account No. 710, "Roadway and Track Labor".

## 706. RAILS.

Charge to this account the cost of rails used to renew main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection; also of guard-rails used in track.

NOTE.—The cost of labor of unloading, distributing, and laying rails in track should be charged to account No. 710, "Roadway and Track Labor".

## 707. RAIL FASTENINGS AND JOINTS.

Charge to this account the cost of rail fastenings and joints used for repairs and renewals, including fish plates, braces, tie-plates, tie-rods, nuts, bolts, spikes, cost of welded joints, etc., for main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection.

NOTE.—The cost of applying rail fastenings and joints should be charged to account No. 710, "Roadway and Track Labor".

## 708. SPECIAL WORK.

Charge to this account the cost of material used in repairing and renewing special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts, including freight and inspection.

NOTE.—The cost of labor in connection with this work should be charged to account No. 710, "Roadway and Track Labor".

## 709. UNDERGROUND CONSTRUCTION.

This account is to be used only for railroads operated by underground electric contact system, and for those operated by cable traction.

Charge to this account the cost of material used in repairing and renewing yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

NOTE A.—The cost of labor in connection with this work should be charged to account No. 710, "Roadway and Track Labor".

NOTE B.—The cost of repairing and renewing track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

## 710. ROADWAY AND TRACK LABOR.

Charge to this account the cost of all labor used in unloading, distributing, and placing ballast; renewing and relaying ties; repairing, renewing and relaying rails; repairing, renewing and replacing rail fastenings and joints; repairing, renewing, and replacing special work; and repairing, renewing and replacing underground construction; also that used in grading, aligning, surfacing, and gauging tracks; taking up track, whether another is laid to replace it or not; constructing and cleaning tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track, and other miscellaneous roadway and track labor.

## 711. PAVING.

Charge to this account the cost of material used and labor expended in repairing and renewing paving, including granite, wood, brick, and asphaltum pavement, sand and concrete work made necessary by repairs and renewals of paving; hauling and distributing material; also cost of removing old material.

Repairs and renewals of street paving in connection with roadway and track required by municipalities shall also be charged to this account.

## 712. MISCELLANEOUS ROADWAY AND TRACK EXPENSES.

This account includes the cost of roadway tools when chargeable to expenses,

and cost of all material used and labor expended in repairing and renewing all tools, implements, flags, lanterns, etc., used in repairing roadway and track; also such other material, supplies, and incidental expenses as are not properly chargeable to any of the foregoing accounts under Maintenance of Roadway and Track.

#### 713. CLEANING AND SANDING TRACK.

Charge to this account the cost of all material used and labor expended in cleaning, greasing, watering, sprinkling, and oiling roadway and tracks; sanding track; cost of sand and of hauling, drying, and distributing same; cost of track brooms and other cleaning and sanding tools and apparatus; curve grease, water for sprinkling and watering track, oil for oiling roadbed, and all other supplies and expenses incident to the work.

NOTE A.—Repairs of sprinkling and sand cars used in connection with this work should be charged to account No. 747, "Repairs of Service Cars".

NOTE B.—Repairs of wagons and harness used in connection with this work should be charged to account No. 754, "Repairs of Vehicles".

NOTE C.—Cost of sprinkling rendered necessary by repairs or construction of track or paving should be charged to the proper maintenance or construction account.

#### 714. REMOVAL OF SNOW, ICE, AND SAND.

Charge to this account the cost of all material used and labor expended for removal of snow, ice, and sand from tracks, whether done by the company or otherwise, including tools and expenses; cost of salt and delivering same in car houses or bins, and the wages of men engaged in salting track and operating snow-plows, sweepers, scrapers, etc.

NOTE A.—Repairs and renewals of salt cars, snow-plows, sweepers, scrapers, and miscellaneous snow and sand equipment used in connection with this work should be charged to account No. 747, "Repairs of Service Cars".

NOTE B.—Repairs of wagons used in connection with this work should be charged to account No. 754, "Repairs of Vehicles".

#### 716. REPAIRS OF TUNNELS.

Charge to this account the cost of repairing tunnels; pay of tunnel watchmen and cost of supplies used by them; cleaning, re-painting and whitewashing; and maintenance of lighting, ventilating, and drainage systems. This account does not include repairs or renewals to roadway, tracks, or electric feeder and contact lines through tunnels.

#### 717. REPAIRS OF ELEVATED STRUCTURES AND FOUNDATIONS.

This account is intended to be used only by companies operating an elevated railroad system; charge to this account the cost of all repairs to elevated structures and their foundations.

#### 718. REPAIRS OF BRIDGES, TRESTLES, AND CULVERTS.

Charge to this account the cost of all repairs to bridges, trestles, culverts (both substructure and superstructure), piers, abutments, masonry, and drain-pipes, including repairs made necessary by washouts; retaining walls, rip-rapping, and dikes necessary to protect or strengthen bridges and culverts against ice, water, or drift; guards on bridges, framing ties for bridges; bridge signs or number boards; cost of cleaning channels under bridges and cleaning culverts; altering and bracing bridges and trestles during progress of filling.

Also charge to it the cost of removing old bridges in connection with construction of new bridges, and the cost of constructing and removing temporary or false work used in repairing bridges and culverts.

Pay of bridge foremen and bridge watchmen and cost of all supplies used by them, and pay of bridge inspectors and expenses incident to bridge inspection shall be charged to this account.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or a culvert. The cost of maintaining structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged to the following account, "Repairs of Crossings, Fences, and Signs".

#### 719. REPAIRS OF CROSSINGS, FENCES, AND SIGNS.

Charge to this account the cost of all repairs to street, road, and farm crossings at grade, overhead bridges and viaducts, roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings; also the cost of repairs to right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges, and mile, section, warning, and other roadway signs.

NOTE A.—Street or sewer repairs within the limits of shop grounds or immediately adjacent to station buildings should be charged to account No. 725, "Repairs of Buildings and Structures".

NOTE B.—This account does not include ballast, ties, or other track material, and track labor at street, road, and farm crossings, such being provided for in preceding accounts.

#### 720. REPAIRS OF SIGNAL AND INTERLOCKING SYSTEMS.

Charge to this account the cost of repairs to buildings and appliances of interlocking systems, and semaphores, block, and other signal systems, and all machinery such as air compressors, levers, boilers, dynamos, engines, and machinery and fixtures used in connection therewith.

NOTE A.—This account does not include the cost of track material proper required in connection with interlockers, such as switches, special track fastenings, split rails, frogs, etc., the cost of which should be charged to proper Maintenance of Way accounts.

NOTE B.—Rent of appliances for signals and interlocking systems should be charged to account No. 811, "Operation of Signal and Interlocking Systems".

NOTE C.—If signal wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 8522, "Pole and Fixture Repairs".

#### 721. TELEPHONE AND TELEGRAPH REPAIRS.

Charge to this account the cost of all repairs and renewals of telephone and telegraph systems owned by the company or for which it is responsible, including conduits, poles, cross-arms, insulators, wires, cables, cable-boxes, instruments, battery jars, switchboards, and all other appurtenances forming a part of the telephone and telegraph systems.

NOTE A.—Rents of telephone and telegraph systems shall be charged not to this account, but to account No. 812, "Operation of Telephone and Telegraph Systems".

NOTE B.—If telephone or telegraph wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 8522, "Pole and Fixture Repairs".

#### 722. OTHER MISCELLANEOUS WAY EXPENSES.

Charge to this account all expenses in connection with Maintenance of Way not properly chargeable to preceding accounts.

#### 8522. POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulating pins, brackets, and other pole fixtures, braces and other supports for holding the poles in position; also repairs of towers and other

structures maintained primarily for supporting the overhead electric construction.

This account does not include insulators.

NOTE.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

#### S523. UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of repairing and renewing conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all other material necessary to the maintenance of the conduit system.

#### S524. TRANSMISSION SYSTEM REPAIRS.

Charge to this account the cost of repairing and renewing the transmission system, including cables, wires, insulators and insulating material; also cost of changing route of line or removing line when no replacement is made.

NOTE.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

#### S527. DISTRIBUTION SYSTEM REPAIRS.

Charge to this account the cost of repairing and renewing the distribution system, as follows:

a. *Overhead feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

b. *Underground feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

c. *Track bonding*, including track bonds, cost of punching and drilling rails for track bonds, and testing for defective bonding.

d. *Overhead trolley*, including cost of trolley, guard, span, strain, supplementary and other wires, and all catenary construction used in connection with the overhead trolley system.

e. *Third rail*, including cost of third rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors.

f. *Underground contact rails*, including cost of contact rails, and braces, supports, insulating devices and other appliances in underground contact systems.

Corporations which desire to keep sub-accounts of the Distribution System Maintenance Expense shall follow the foregoing classification.

NOTE.—For the definition of the distribution system, see the note to the preceding account No. S524, "Transmission System Repairs".

#### 724. MISCELLANEOUS ELECTRIC LINE EXPENSES.

Charge to this account all expenses in connection with maintenance of electric line not properly chargeable to other accounts. Such replacements as are chargeable to the capital accounts shall not be included here.

## 725. REPAIRS OF BUILDINGS AND STRUCTURES.

Charge to this account the cost of repairs of buildings and structures used in the operation of the road; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with buildings; cost of delivering material, including freight charges, if any, and all incidental expenses connected with the maintenance of buildings and structures.

The term "Buildings and Structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; pipes for gas, water, sewage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to buildings or yards, except paving in tracks.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

Repairs of buildings and structures may, if desired, be further classified under the following headings, which shall be the titles of sub-accounts set up hereunder:

- a. *Power plants.*
- b. *Sub-stations*, including storage battery buildings.
- c. *Car houses.*
- d. *Shops.*
- e. *General office buildings.*
- f. *Stations, waiting rooms, and platforms.*
- g. *Docks and wharves.*
- h. *Miscellaneous buildings and structures.*

i. *Other building and structure maintenance*, which shall include all expenses in connection with maintenance of buildings and structures not properly chargeable to any of the foregoing subdivisions.

NOTE.—The cost of repairs and renewals of track and electric line in buildings, yards, and grounds should be charged to the proper accounts under Maintenance of Way or Maintenance of Electric Line.

## 726. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Way and Structures of the railroad department, but defrayed, in the first instance, by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

## 727. JOINT WAY AND STRUCTURES — DR.

When any way or structure is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such way or structure as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent

of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

#### 728. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Maintenance of Way and Structures expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

#### 729. JOINT WAY AND STRUCTURES — CR.

When any way or structure is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such way or structure as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue" (See pages 34 and 35.)

NOTE B.—If in the case of the production of power, part of which is transferred to another, the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

#### 730. DEPRECIATION OF WAY AND STRUCTURES.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all way and structures of the accounting corporation. Credit to this account each month an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Way and Structures. The net amount charged (or credited) to this account for any month shall be concurrently credited (or debited) to the reserve account "Accrued Amortization of Capital". When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. S100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous, such as track, and can not be satisfactorily individualized, the capital shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital, and except as provided in account No. S100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original cost thereof, less salvage, to which amount such original cost, less salvage, may be charged.

NOTE.—Until otherwise ordered, the "amount estimated to be necessary to cover

such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Way and Structures".

## II. MAINTENANCE OF EQUIPMENT.

### 741. SUPERINTENDENCE OF EQUIPMENT.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of equipment, including superintendent of equipment, mechanical engineer, electrical engineer, superintendent of rolling stock, master car builder, master mechanic, general foreman, and their office forces.

Charge also to this account the cost of repairing drafting and engineering instruments, and the original cost of such instruments as are not properly capitalized; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Equipment," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (on the basis of service rendered) between the departments over which they have jurisdiction.

### S508. REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of repairing furnaces, boilers, boiler apparatus and accessories. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

### S509. REPAIRS OF STEAM ENGINES.

Charge to this account the cost of repairing steam engines of the power generating plant. This includes the foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine



shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

#### S510. REPAIRS OF HYDRAULIC POWER PLANT.

Charge to this account the cost of repairing hydraulic structures and apparatus, dams, canals, wheel pits, tailraces, water racks, headgates, wasteways, standpipes, gate house, penstock, water-wheels, wheel cases, wheel governors, wheel gates, wheel valves, relief valves, dredging reservoir and repairs around the same, and filling in or repairing embankments.

#### S511. REPAIRS OF GAS POWER EQUIPMENT.

Charge to this account the cost of repairing the gas power equipment, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary apparatus.

#### S512. REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account the cost of repairing the electric machinery and apparatus of the power generating plant, including dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their foundations and settings.

NOTE.—This account should not include any sub-station equipment.

#### S513. REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of repairing all miscellaneous equipment of power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

#### 742g. REPAIRS OF CABLE POWER EQUIPMENT.

Charge to this account the cost of repairing power plant machinery and apparatus used in connection with the operation of cable or incline railroad cars. Such equipment includes the cables as well as boilers, engines, leading wheels and bearings, etc.

#### S528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing sub-station apparatus, including storage batteries, transformers, rotary converters, oil switches, switchboards, and switchboard appliances and wiring in connection with the same.

#### 744. REPAIRS OF PASSENGER AND COMBINATION CARS.

Charge to this account the cost of repairing passenger and combination cars.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car. The term "combination car" includes all cars that are used in part for carrying passengers.

The cost of shifting trucks of cars from car bodies of this class shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

## 745. REPAIRS OF FREIGHT, EXPRESS, AND MAIL CARS.

Charge to this account the cost of repairing freight, express, and mail cars, from the operation of which revenue is derived.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks of cars from car bodies of this class shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

## 746. REPAIRS OF LOCOMOTIVES.

Charge to this account the cost of repairs of locomotives, which term includes body and trucks, and all fixtures and appliances inside of or attached to the body or trucks, except the electric equipment of locomotives.

The cost of shifting trucks of locomotives from one locomotive to another shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for locomotives should be charged to account No. 806, "Miscellaneous Car Service Expenses".

## 747. REPAIRS OF SERVICE CARS.

Charge to this account the cost of repairs of service cars, including water cars, sprinkling cars, sand cars, salt cars, supply cars, line cars, snow-plows, sweepers, scrapers, and other work, sand, and snow equipment.

The term "car" includes body and trucks, and all fixtures and appliances attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks of cars from car bodies of this class shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

## 749. REPAIRS OF ELECTRIC EQUIPMENT OF CARS.

Charge to this account the cost of repairing the electric equipment and wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment of cars from one car to another shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

## 750. REPAIRS OF ELECTRIC EQUIPMENT OF LOCOMOTIVES.

Charge to this account the cost of repairing the electric equipment and wiring of locomotives.

The cost of shifting the electric equipment of locomotives from one locomotive to another shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for locomotives should be charged to account No. 806, "Miscellaneous Car Service Expenses".

## 752. REPAIRS OF SHOP MACHINERY AND TOOLS.

Charge to this account the cost of repairing machinery and tools in shops and car houses, such as engines and boilers, shafting and belting; cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, lathes, shapers, drill presses, wheel grinders and wheel presses, planers, etc.

## 753. SHOP EXPENSES.

Charge to this account all expenses for heating and lighting repair shops; miscellaneous expenses of such shops, including fuel, water, and ice; oil,

grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small hand tools used by mechanics, and wages of employees making and repairing same; wages of stationary engineers and firemen, watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop yards.

#### 754. REPAIRS OF VEHICLES.

Charge to this account the cost of repairing harness, automobiles; emergency, repair, tower, and other service wagons, sleds, sleighs, omnibuses, and all other vehicles except cars and locomotives.

#### 755. OTHER MISCELLANEOUS EQUIPMENT EXPENSES.

Charge to this account all expense in connection with the maintenance of equipment not properly chargeable to other accounts. Such replacements as are properly treated through the capital accounts shall not be included herein.

#### 756. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Equipment of the street railroad department, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

#### 757. MAINTAINING JOINT EQUIPMENT — DR.

When any equipment is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such equipment as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

#### 758. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Maintenance of Equipment expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

#### 759. MAINTAINING JOINT EQUIPMENT — CR.

When any equipment is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such equipment as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

NOTE B.—If in the case of the production of power, part of which is transferred to another, the arrangement under which such production occurs does not

provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to expense account No. 786, "Power Purchased".

#### 760. DEPRECIATION OF EQUIPMENT.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all equipment of the accounting company. Credit to this account each month an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Equipment. The net amount charged (or credited) to this account for any month shall be concurrently credited (or charged) to the reserve account "Accrued Amortization of Capital," and (with the exception below noted) must be sufficient to provide in that account, in respect of the several items of equipment by the time such items go out of service, a reserve equal to the original cost thereof, less salvage. When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. S100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit".

NOTE.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Equipment".

### III. TRAFFIC.

#### 771. SUPERINTENDENCE AND SOLICITATION.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of traffic, including traffic managers, general freight, express, passenger, and ticket agents, commercial, city, district, and excursion agents, their clerks and assistants; cost of supplies used by employees whose salaries are charged to this account; office rent and cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Traffic," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

## 772. ADVERTISING.

Charge to this account the salaries and expenses of advertising agents; cost of bill posting, and printing, publishing, and distributing passenger time-tables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, photographs, and postage and express charges on advertising matter, and other expenses for advertising.

## 773. PARKS AND OTHER ATTRACTIONS.

Charge to this account the expense of operating amusement parks, resorts, and other like attractions maintained and operated for the purpose of inducing travel upon the lines of the accounting corporation; also the cost of repairs of buildings and other property at such parks, etc.

NOTE.—Where any such park or other attraction is maintained primarily for any other purpose than the stimulation of travel upon the lines of the accounting company, it shall be considered an outside operation, and the expenses of such operation and maintenance shall be excluded from street railroad operating expenses.

## 774. MISCELLANEOUS TRAFFIC EXPENSES.

Charge to this account expenses of traffic associations, including membership fees, contributions made for the purpose of securing traffic, and all other traffic expenses not properly chargeable to other accounts.

## IV. CONDUCTING TRANSPORTATION.

## 781. SUPERINTENDENCE OF TRANSPORTATION.

Charge to this account salaries and office and traveling expenses of officers and assistants when directly in charge of transportation, including superintendent of power, superintendent of transportation, division superintendents, their assistants and aids; trainmasters, train dispatchers, car starters, inspectors, instructors, and others employed in superintending transportation.

NOTE A.—No portion of the expenses of general offices shall be charged to this account.

NOTE B.—When the employees enumerated above are engaged in work not chargeable to "Conducting Transportation," their salaries and expenses should be charged to the specific work on which engaged. If any such employees have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

NOTE C.—Cost of secret service inspection should be charged to account No. 806, "Miscellaneous Car Service Expenses"

*Group I: Power.*

The accounts below provided in this group are intended to show the principal constituents of the cost of power.

## S501. POWER PLANT LABOR.

Charge to this account all matters provided for under the following heads:

a. *Power plant superintendence and care.*—This includes the cost of labor of power plant superintendent and assistants, clerks, janitors, watchmen, elevator men, and that portion of the engineering staff chargeable to the generating plant.

b. *Boiler room labor.*—This includes the cost of labor in boiler house and elsewhere in and about the premises having to do with making steam, such as that of the fire room engineer and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, feed-pump men, etc.

c. *Producer labor*.—This includes the cost of labor in and about the premises having to do with the production of power gas.

d. *Engine labor*.—This includes the cost of labor employed in operating prime movers of all kinds, including the chief engineer and his assistants, oilers, wipers, and machinists.

e. *Electrical labor*.—This includes the cost of labor in connection with the operation of electric apparatus and devices, beginning with the dynamos direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to the point where the electric current leaves the station for the transmission or distribution system.

f. *Cable power plant labor*.—This includes the cost of labor employed in connection with the operation of machinery and apparatus used for the propulsion of cable or incline railroad cars.

Corporations desiring to subdivide the account "Power Plant Labor" shall follow the foregoing sub-classification.

#### S525. SUB-STATION LABOR.

Charge to this account the cost of all labor in power sub-stations except labor employed in making repairs and renewals.

#### S502. FUEL FOR POWER.

Charge to this account the cost of coal, oil, gas, and other fuel used at power plants, including freight and handling; also any special expense incurred in removing ashes.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

#### S503. WATER FOR POWER.

Charge to this account the cost of water used to produce steam, to cool gas engines, or to operate water power plant, including pumping, water rents, rent of ponds, streams, and pipe lines; also boiler compounds.

#### S504. LUBRICANTS FOR POWER.

Charge to this account the cost of lubricants of power plants, including oil, grease, etc.

NOTE.—Lubricants for sub-stations should be charged to account No. S526, "Sub-station Supplies and Expenses".

#### S505. MISCELLANEOUS POWER PLANT SUPPLIES AND EXPENSES.

Charge to this account the cost of waste, carbon brushes, fuses, lamps, and other supplies and expenses of power plants not includible in any of the foregoing accounts.

#### S526. SUB-STATION SUPPLIES AND EXPENSES.

Charge to this account the cost of lubricants, waste, carbon brushes, fuses, lamps, water, and other supplies and expenses of sub-stations.

#### 785. HORSE POWER — REVENUE CAR SERVICE.

This account is to be kept only by corporations that maintain stables in connection with the operation of horse cars for passenger transportation. Other stable expenses are chargeable to account No. 848, "Stable Expenses". (See page 57.)

Charge to this account the matters provided for under the following heads:

a. *Wages of stablemen*.—This includes the wages of feeders, hostlers, hitchers, and other stable help employed in connection with horses used for the operation of revenue cars.

b. *Provender*.—This includes the cost of corn, hay, meal, oats, and other provender used for feeding horses devoted to the operation of revenue cars.

c. *Horseshoeing*.—This includes the expense of shoeing horses used in the operation of revenue cars.

d. *Harness and other horse equipment*.—This includes the cost of harness and other equipment for horses used in the operation of revenue cars.

e. *Stable supplies and expenses*.—This includes the cost of heat and light and expenses not otherwise provided for in connection with the stabling of horses used in the operation of revenue cars, including such items as bedding, fire buckets and extinguishers, hose, ice, removal of manure, medicine and veterinary expense.

#### 786. POWER PURCHASED.

Charge to this account all expenses for power *bought* from other companies. This does not include power produced under any joint arrangement, for which see accounts Nos. 727, 757, 787, and 841, "Joint Way and Structures—Dr.," "Maintaining Joint Equipment—Dr.," "Jointly Produced Power—Dr.," and "Joint General Expense—Dr." (See pages 42, 47, 51, and 55.)

#### 787. JOINTLY PRODUCED POWER—DR.

When power is produced by another person or corporation for the joint benefit of the accounting corporation and others under an arrangement for sharing (on the basis of the relative amounts of benefit to the several participants) the expense of production (as distinguished from maintenance), the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of the property used in such production.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465b, 465c, and 466b, "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

#### 788. POWER EXCHANGED—BALANCE.

If a company actually exchanges power with another company, it shall charge to this account the value of the power received from the other company and credit to this account the value of the power it delivers to the other company, and the amount shown as an operating expense shall be the net debit or credit balance.

#### 789. OTHER OPERATIONS—DR.

Charge to this account the proportion of operating expenses chargeable to Conducting Transportation, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

#### 790. OTHER OPERATIONS—CR.

Credit to this account the proportion of the Conducting Transportation expense chargeable to other coördinate departments of the accounting corporation, but defrayed in the first instance by the street railroad department.

#### 791. JOINTLY PRODUCED POWER—CR.

When any power is produced by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense of production, the portion of such expense assignable to Conducting

Transportation chargeable to such others under the arrangement shall be credited to this account. If the arrangement provides for a return upon capital in addition to the proportion of the operating expenses, such return upon capital shall not be included in this account, but shall be credited to revenue account No. 466b, "Joint Electric Power Revenue".

*Group II: Operation of Cars.*

802a. PASSENGER MOTORMEN.

Charge to this account the wages of motormen engaged in passenger service.

802b. PASSENGER CONDUCTORS.

Charge to this account the wages of conductors engaged in passenger service.

802c. HORSE CAR DRIVERS.

Charge to this account the wages of drivers of revenue horse cars.

802d. OTHER PASSENGER TRAINMEN.

Charge to this account the wages of guards, brakemen, ticket collectors, student motormen, and other passenger trainmen while engaged in passenger service.

803. FREIGHT AND EXPRESS MOTORMEN AND TRAINMEN.

Charge to this account the wages of conductors, motormen, and other trainmen while engaged in freight, express, and mail service.

805. MISCELLANEOUS CAR SERVICE EMPLOYEES.

Charge to this account the wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other miscellaneous car service employees.

806. MISCELLANEOUS CAR SERVICE EXPENSES.

Charge to this account all expenses for lubricants and waste for cars and electric equipment of cars; incandescent lamps, oil, and other supplies for lighting cars; supplies for cleaning cars; fuel for heating cars; tools and other materials and supplies, except such as are used for repairs or renewals of cars or electric equipment of cars; cost of tickets, transfers, and baggage checks; secret inspection; conductors' books; punches; portable registers; tools for motormen; car service employees' badges and uniforms, and all other car service supplies and expenses.

807. STATION EMPLOYEES.

Charge to this account the wages of stationmaster, freight, express, ticket, baggage, and other station agents; announcers; station gatemen; choppersmen; platform men; janitors, porters, watchmen, and other station employees; warehousemen; freight house foremen; truckmen, checkmen, and other express and freight house employees.

808. STATION EXPENSES.

Charge to this account all expenses for heating and lighting stations, waiting rooms, freight houses, and other station buildings; furniture; tools, and implements for handling freight and baggage; station employees' uniforms and badges; water, ice, and all other passenger and freight station expenses.

809. CAR HOUSE EMPLOYEES.

Charge to this account the wages of car house foremen, watchmen, car placers, car shifters; car, motor, and brake inspectors; car cleaners, lamp



and headlight tenders, car oilers, car-stove firemen, trolley oilers, and other car house employees not engaged in making repairs or renewals.

NOTE.—The cost of labor used in shifting trucks and electric equipment should not be charged to this account, but to accounts Nos. 744, 745, 746, 747, 749, or 750, "Repairs of Passenger and Combination Cars," "Repairs of Freight, Express, and Mail Cars," "Repairs of Locomotives," "Repairs of Service Cars," "Repairs of Electric Equipment of Cars," or "Repairs of Electric Equipment of Locomotives". (See pages 45 and 46.)

#### 810. CAR HOUSE EXPENSES.

Charge to this account the cost of fuel, light, water, ice, and all other car house supplies and expenses.

#### 811. OPERATION OF SIGNAL AND INTERLOCKING SYSTEMS.

Charge to this account the wages of employees engaged in operating signal and interlocking systems covering the movement of cars, such as towermen, signalmen, levermen, and lampmen; cost of supplies used in operating signal and interlocking systems; cost of fuel, water, light, and supplies for signal offices; also rent of appliances for signal and interlocking systems.

#### 812. OPERATION OF TELEPHONE AND TELEGRAPH SYSTEMS.

Charge to this account the wages of telephone and telegraph operators; cost of chemicals and other supplies for telephone and telegraph service; payments for use of telephone and telegraph lines, and other telephone and telegraph expenses in connection with transportation.

NOTE A.—Repairs and renewals of telephone and telegraph systems should not be charged to this account, but to account No. 721, "Telephone and Telegraph Repairs".

NOTE B.—The cost of telephone service for general purposes should be charged to account No. 838, "Miscellaneous General Expenses".

#### 813. EXPRESS AND FREIGHT COLLECTIONS AND DELIVERY.

Charge to this account the wages of drivers and helpers employed on wagons which are used for the collection and delivery of express matter; amounts paid for handling express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of express matter, not includible in accounts No. 754, "Repairs of Vehicles," and No. 848, "Stable Expenses".

#### 814. LOSS AND DAMAGE.

Charge to this account all expenses for loss, damage, delays, and destruction of freight, express, and baggage entrusted to the carrier for transportation, and all expenses directly incident thereto.

#### 815. OTHER TRANSPORTATION EXPENSES.

Charge to this account the cost of getting derailed cars on track and removing obstructions and wreckage, and all other expenses in connection with Conducting Transportation not properly chargeable to other accounts.

#### 816. JOINT OPERATION OF CARS — DR.

When any rolling stock is operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Termi-

nals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

#### 817. JOINT OPERATION OF CARS — CR.

When any rolling stock is operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466h, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

### V. GENERAL AND MISCELLANEOUS.

#### S831. SALARIES AND EXPENSES OF GENERAL OFFICERS.

Charge to this account the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system, and whose services can not be satisfactorily allocated to the several departments.

#### S832. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

Charge to this account the salaries and traveling and incidental expenses of traveling auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

#### S833. GENERAL OFFICE SUPPLIES AND EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

#### S834. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. S844b, "Law Expenses Connected with Damages".

#### S835. INSURANCE.

Charge to this account premiums paid to insurance companies for fire,

fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission, carriers will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

#### S836a. RELIEF DEPARTMENT EXPENSES.

Charge to this account all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

#### S836b. PENSIONS.

Charge to this account all pensions paid to retired employees, and expenses in connection therewith.

#### S838. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

#### S839. GENERAL AMORTIZATION.

Charge to this account at the close of each fiscal period and credit to the account "Accrued Amortization of Capital" such amount as is attributable to the period in respect of amortization of intangible capital not assignable to Maintenance of Way and Structures or to Maintenance of Equipment. This includes such matters as amortization of limited franchises, amortization of organization, etc.

#### S840. OTHER OPERATIONS — DR.

Charge to this account the proportion of general expense chargeable to the street railroad department, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

#### S841. JOINT GENERAL EXPENSE — DR.

When any road or equipment is maintained or operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

#### S842. OTHER OPERATIONS — CR.

Credit to this account the proportion of general expenses chargeable to other coördinate departments (such as electric light, heat, power, or gas) within the same corporation, but defrayed in the first instance by the street railroad department.

#### S843. JOINT GENERAL EXPENSE — CR.

When any road or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses

chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

NOTE B.—If in the case of the production of power, part of which is transferred to another, the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

#### S844a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the road, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

(a) *Claim department expense*: This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

(b) *Medical expenses*: This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

(c) *Injuries to employees*: This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

(d) *Other personal injuries and property damages*: This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the road; also amounts paid in settlement of claims for damage to horses, vehicles, and other property not owned by the accounting corporation and not in its possession for purposes of transportation.

(e) *Other accident expenses*.

NOTE A.—Expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods entrusted for transportation are chargeable to account No. 814, "Loss and Damage".

NOTE B.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

#### S844b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

(a) *Salaries and expenses of attorneys*: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

(b) *Court costs and expenses*: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

(c) *Law printing*: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission, corporations will be required to classify the charges to this account under the three heads, (a), (b), and (c), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. S834, "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

#### S845. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing tickets, transfers, and baggage checks shall be charged to account No. 806, "Miscellaneous Car Service Expenses"

The cost of printing briefs and other legal papers shall be charged to account No. S834, "General Law Expenses," or No. S844b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter, shall be charged to account No. 772, "Advertising".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall if for use in general offices, be charged to account No. S833, "General Office Supplies and Expenses;" or if for the use of departmental officers, to the proper departmental accounts.

#### S847. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with store-rooms, including cost of sending material and supplies from general store-rooms to branch storerooms, and the collection of scrap material.

#### S848. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses not used in the operation of revenue cars.

NOTE.—The cost of horses purchased to replace others should be charged to account No. 203, "Miscellaneous Equipment". Repairs of harness and vehicles should be charged to account No. 754, "Repairs of Vehicles".

#### S849. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. S285, "Miscellaneous Construction Expenditures".

**17. Expenses of Outside Operations.**—The detailed expense accounts for other than street railroad operations will be elsewhere provided for.

**18. Tax accounts.**—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as c. g., "Taxes Assignable to Street Railroad Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock.

State Franchise Tax on Gross Earnings.

Special Franchise Tax.

Taxes on Land (exclusive of improvements).

Taxes on Improvements on Lands.

Taxes on Personal Property.

Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say, the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

**19. Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

#### S901c. RENTS ACCRUED FROM LEASE OF ROAD.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in road or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

#### S901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent reve-

nues flowing to the corporation as a return upon leased property other than road and equipment. Such revenues shall be classified as follows:

*Leasehold Revenues:* That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire terms of which is greater than one year. This contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

*Other Rent Revenues:* That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the *taxes* on property of this character *shall be paid by the landlord* and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

#### 902. INTEREST REVENUES.

Credit to this account monthly as it accrues all—

*Interest from Bound Investments:* That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

*Interest from Free Investments:* That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

*Interest from Other Sources:* That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

#### 903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all—

*Dividends on Bound Investments:* That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

*Dividends on Free Investments:* That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

## 904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. S903, "Dividend Revenues".

## 905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

**20. Definition of Non-operating Revenue Deductions account.**—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

*a. RENT EXPENSE:* This sub-account includes all matters provided for under the following two heads:

*Leasehold Expense:* That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

*Other Rent Expense:* This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

*b. INTEREST EXPENSE:* This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

*c. DIVIDEND EXPENSE:* This sub-account includes all expenses arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

*d. OTHERS' OPERATIONS EXPENSE:* This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

*e. MISCELLANEOUS NON-OPERATING EXPENSE:* This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

*f. NON-OPERATING TAXES:* This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.



9. **UNCOLLECTIBLE NON-OPERATING REVENUES:** When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports to the Public Service Commission, this account will be required to be fully analyzed.

21. **Income Deductions.**—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

22. **Definitions of Income Deduction accounts.**—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

#### 921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

*Absolute Interest Accrued on Funded Debt:* This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

*Contingent Interest Accrued on Funded Debt:* This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

*Interest Accrued on Receiver's Certificates:* This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

*Interest Accrued on Other Unfunded Debt:* This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

*Interest Accrued on Debenture Stocks:* This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

#### 922c. RENT FOR LEASE OF OTHER ROAD AND EQUIPMENT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of road and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such road and equipment shall be charged, not to this account, but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner,

they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such road and equipment shall be reported by the corporation in possession.

#### 922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

*d. TRACK AND TERMINAL PRIVILEGES:* This sub-account includes all payments to other companies for rent or use of their tracks and terminals (including terminal facilities) when on the basis of a fixed charge per month or per year, regardless of the expense of operation and maintenance of such tracks and terminals, or when on the basis of a fixed charge per car-mile, per passenger-mile, per car, per passenger, or other unit of like character.

NOTE.—Where the charge is based on a proportion of operating expenses and upon the value or cost of the property of the creditor company, the operating expense portion shall be charged to the appropriate operating expense accounts, and the return on the value or cost of the property shall be charged to the sub-account "Joint Facility Rents" (See paragraph *f* below.)

*e. HIRE OF EQUIPMENT:* This sub-account includes all sums chargeable to the accounting corporation for the use of equipment of other carriers while temporarily on its lines, where the contract provides for a charge not dependent on the expense of operating and maintaining such equipment.

*f. JOINT FACILITY RENTS:* Where any way, structure, or equipment is maintained or operated by another carrier or company for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such way, structure, or equipment, over and above depreciation and other expense of maintenance and operation, such pure rent or profit or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue accounts Nos. 463a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue". (See pages 34 and 35.)

*g. MISCELLANEOUS RENT DEDUCTIONS:* This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

#### 923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

#### 924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under

contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of *principal* of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged to this account.

#### 925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

#### 926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

#### 927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortization of Capital" (See page 27.)

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

#### 928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

#### 929. AMORTIZATION OF PREMIUM ON DEBT — CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion may be determined according to a rule, the

uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued, and may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

**23. Appropriations.**—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

**24. Definitions of Appropriation accounts.**—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

#### 931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

#### 931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

#### 932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc.; fines levied on directors, officers, and other employees and assumed by the corporation; donations to funds, to churches, and other associations, and other like expenses and outgoes.

#### 933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

## 934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

## 935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

## 936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

## 937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

## 938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" accounts must not be included in this account.

## 939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

## SCHEDULE C.

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### CLASSIFICATION OF CAR-MILES, CAR SEAT-MILES, AND CAR-HOURS.

1. Definitions of Car-miles and Car Seat-miles accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

#### Y1. PASSENGER CAR-MILES — ACTIVE.

This account includes miles run by revenue earning cars for the transportation of passengers (including *combination* passenger and baggage, mail or express cars), between the termini of regular routes or over portions of such routes.

The record of passenger car-miles — active, shall be kept for each car route, and shall show for each route the length of the route in miles and hundredths of a mile, and for each day the number of cars operated full time, the number of trippers, and the number of trips. The cars shall be divided into classes according to their seating capacities, and the seating capacity of each class multiplied into the number of miles run by that class on the particular route, the resultant being the "seat-miles" on each such route for a given day.

#### Y2. PASSENGER CAR-MILES — IDLE.

This account includes miles run by revenue earning passenger cars (or combination passenger and baggage, mail or express cars) between the car house and the initial route terminal. This record shall be kept for each car house.

#### Y3. SPECIAL PASSENGER CAR-MILES.

This account includes miles run by chartered passenger cars over regular or special routes, reckoning from the time such cars leave the car house until they complete the trip.

#### Y4. MAIL CAR-MILES.

This account includes miles run by cars to transport mail, when not carrying passengers, reckoning from the time such cars leave the car house.

NOTE.—This account must not include any miles run by *combination* cars for the purpose of carrying passengers, even though such cars also carry mail. Miles run by such cars are provided for in accounts Nos. Y1 and Y2, "Passenger Car-miles—Active," and "Passenger Car-miles—Idle".

#### Y5. EXPRESS CAR-MILES.

This account includes miles run by cars in the express service, reckoning from the time such cars leave the car house. The account shall show the numbers of miles run under load and miles run empty.

#### Y6. FREIGHT CAR-MILES.

This account includes all miles run by cars in freight service, loaded and empty car-miles being separately recorded.

## Y7. MIXED CAR-MILES.

This account includes all miles run by combination mail, express, and freight cars, shown separately for loaded and empty cars.

## Y8. NON-REVENUE CAR-MILES.

This account includes miles run by company service cars, including work cars, sand cars, sprinklers, snow-plows, sweepers, wrecking cars, etc.

## Y9. ELECTRIC LOCOMOTIVE-MILES.

This account includes all miles run by electric locomotives, whether revenue or non-revenue, or loaded or light.

**2. Classification of Car-hours.**—A record of the time that cars are in service shall be kept for the following classes of cars, corresponding to the classification of car-miles:

*Passenger Cars (Active and Idle), on each car route,*

*Special Passenger Cars,*

*Mail Cars, and*

*Express, Freight and Mixed Cars.*





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